

# Youth entrepreneurship in South Africa is locked, and corporates hold the key



By Catherine Wijnberg

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In the next three decades, 60% of Africa's population will be under the age of 25. But the youth on the world's youngest continent stands to face poverty, inequality and a lack of opportunities if they are not upskilled.



Source: [Pexels](#)

Sub-Saharan Africa's population is projected to double by 2050, pushing even more youth into poverty as unemployment numbers continue to climb. In South Africa alone, the unemployment rate is alarmingly high for youth at around 66%. To create enough employment for all these youngsters, South Africa would need to create more than 220,000 jobs every single day. That's about the equivalent of the three times the entire staff complement at Vodacom, to put this into perspective

However, bringing corporates into partnerships to encourage youth entrepreneurship could change this trajectory and create meaningful solutions for unemployment.

More South African youth are turning to entrepreneurship as a solution to unemployment and to create economic activity in their communities. Looking at the SAB Foundation Tholoana programme, focused on investment in entrepreneurs, 57% of participants are youth. This is in alignment with more than half of all South African entrepreneurs being youth - and they're looking for support.

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The recent round of applications for Fetola's Youth Start-up Accelerator (YSA) Programme saw more than 127 applications made a day, with almost 4000 young entrepreneurs requesting to participate in the programme. But despite this growing interest in entrepreneurship, youth receive the least support: historically, only 15% of business development services are directed toward youth. This is also compounded by the fact that two-thirds of entrepreneurs are based in rural or township areas outside, beyond the reach of traditional small business support structures.

The youth unemployment crisis is not something the government can address alone. President Cyril Ramaphosa, in his State of the Nation Address, both acknowledged the government's inability to solve the youth unemployment crisis and has called on the private sector to play an active role.

Some corporates are way ahead of the game, providing stellar programmes that support young entrepreneurs and create jobs. Other private companies are starting to realise job creation is also their responsibility, but they don't have the tools and proven methods to solve it. Furthermore, they might not yet understand the return of investment and the real impact investment into youth entrepreneurship programmes can have.

## A change in the way corporates invest

The issue is not a lack of funds to grow young entrepreneurs. Instead, the problem lies in the way the corporate sector is investing. Many private-sector efforts to support enterprise and supplier development (ESD) programmes involve a tick-box approach, in which their internal return on investment is placed above the impact on society. This often creates a disconnect between where the funding goes, where it is needed and how it can be purposefully activated.

The current focus on creating short term impact that can be quantified in annual reports misses a critical opportunity for long term solutions that result in both visible returns and by encouraging entrepreneurship success, a more profitable economic future. What is good for the country, is good for us all.

It's no surprise that this happens: Job creation is not the core competency of most private sector companies, so they can hardly be expected to solve it single-handedly. This is why partnerships between the private sector and business growth organisations are critical – together they move beyond short term wins to creating long term societal impact and inclusive economic growth. The type of long-term investment that delivers for generations to come.



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These partnerships offer practical and impactful support to young entrepreneurs, but they also provide resources, knowledge and expertise that corporates can tap into. If corporates are going to invest in youth entrepreneurship programmes and initiatives, it's important that they do it right – and in a way that will show real impact and tangible return on investment.

To effectively create youth employment and encourage entrepreneurship, we need to see the rollout of corporate-backed programmes in partnership with professional business growth organisations.

Creating youth employment offers the key to unlocking economic growth and building township economies. This will benefit impoverished communities, but the resulting economic growth will create a boon for businesses across all sectors. However, this can only have a real impact and return on investment if the focus is on long-term impact, and in collaboration with the right partners and business growth organisations.

Youth unemployment is a crisis that must be solved. As the population rate grows and the government grapples with multiple socio-economic challenges, our best chance at solving the crisis is through real impact and effective collaboration with the private sector. We need a new culture of investment in youth entrepreneurs and a renewed commitment to collaboration that offers long terms results in reducing youth unemployment and creates a real impact on our youth.

## ABOUT CATHERINE WIJNBERG

Catherine Wijnberg is the Director and Founder of the Fetola Foundation ([www.fetola.co.za](http://www.fetola.co.za))

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